

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6181

BILL NUMBER: SB 230

NOTE PREPARED: Dec 28, 2011

BILL AMENDED:

SUBJECT: Worker's Compensation.

FIRST AUTHOR: Sen. Smith J

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: *Reimbursement Rates:* The bill specifies the method of determining "pecuniary liability" and defines "percentile" for purposes of Worker's Compensation reimbursement for health services.

Rate Contracting: The bill also provides for Worker's Compensation health service reimbursement rate contracting.

Claim Dispute Resolution: The bill specifies that costs incurred by the Worker's Compensation Board (WCB) in claim dispute resolution are paid by the nonprevailing party.

Effective Date: July 1, 2012.

Explanation of State Expenditures: *Reimbursement Rates:* The bill requires the Department of Insurance (IDOI) to establish criteria for certification and to certify data collection agencies who will determine the charges for specific medical services or products by location in order to set Worker's Compensation reimbursement rates. The bill's requirements represent an additional workload on IDOI outside of the agency's routine administrative functions, and existing staffing and resource levels, if currently being used to capacity, may be insufficient for full implementation. The additional funds and resources required could be supplied through existing staff and resources currently being used in another program or with new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend on legislative and administrative actions.

Fees charged by the certified data collection agencies to gather the required data would be paid for by employers and employers' insurance companies. The state would be affected as an employer. Any impact

would be minor.

Rate Contracting: The provision affecting rate contracting would have no fiscal impact because the practice is currently allowed.

Claim Dispute Resolution: In disputes concerning Worker's Compensation reimbursement rates between employers and employers' insurance companies and medical providers, this bill would require that the nonprevailing party pay all of the costs incurred by the WCB. Under current law, the WCB covers those costs, estimated to be around \$350,000 each year. The WCB's administrative costs are paid from the Worker's Compensation Supplemental Administrative Fund, which is funded from fees charged and penalties assessed to employers by the WCB. Shifting the cost of dispute resolution to the interested parties would likely decrease the number of cases that are brought before the WCB.

The state would be impacted as an employer if the state became involved in a reimbursement rate dispute that went before the WCB.

Explanation of State Revenues:

Explanation of Local Expenditures: The impact on local units would be as an employer. Any impact would be minor.

Explanation of Local Revenues:

State Agencies Affected: Worker's Compensation Board; Indiana Department of Insurance.

Local Agencies Affected:

Information Sources: Dirinda Asher, Fiscal Manager, Worker's Compensation Board, 317-232-3822; Linda Hamilton, Chairman, Worker's Compensation Board, 317-232-3809; Logan Harrison, Chief Deputy Commissioner for Health, Legislative, and Public Affairs, Indiana Department of Insurance, 317-234-7734.

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